

Developing a Business Plan

*By Randall Paulikens, Manager, Litigation/Valuation/Law Firm Support Services
Withum, Smith and Brown, Red Bank, New Jersey*

I'm here to talk about a business plan. Throughout this symposium, you've heard people talk about marketing, financing and so on. A business plan is a tool that puts the entire management strategy in perspective. I'm going to cover some general points and things to consider.

I work for one of the largest accounting firms in the country. I specialize in litigation and spend a lot of time reviewing people's business plans so I can make mincemeat out of them in court! Your business plan could be the blueprint for success or disaster. Most people don't plan to fail; they fail to plan.

A business plan is your opportunity to ask "What if?" What if revenue takes three months longer to pick up than expected? What if my permits or other legal obstacles take longer than planned? What will happen? Planning gives you an opportunity to think about what could go wrong, and more importantly, how to fix it if it does go wrong. A business plan shows you how well thought out your project is.

The most important plus of a business plan is the ability to figure out on paper that your idea won't work before you start digging and spending real money. You get a new piece of paper and begin again. Believe me, this is preferable to the bankruptcy process.

Unfortunately for you, there are some groups who don't like what you do. They want to take away your business, and they'll use any means necessary. The business plan is a valuable tool if someone wrongfully brings suit against a range and damages your community reputation. It can show a jury that you were on target with your planning until they put you out.

There are four basic components to a plan: business description; management plan; marketing strategy; and financial information.

The business description covers legal issues. Is your range a proprietorship, partnership, corporation or non-profit corporation? As an aside, I understand most of you are non-profits, and this isn't license to keep sloppy records or stop worrying about paperwork. It means you don't pay taxes because you reinvest that money in your non-profitable cause. You must realize that you're in the business to make money, even if you're non-profit. The more money you make from operations, the more you have to reinvest. You need to focus on running a business. There's a limited amount of cash income, and you want to minimize cash outflows.

The business description should include a description of your product. That's pretty self-explanatory. Is it a new, independent business or a takeover or expansion? If it's a takeover, was the underlying business successful? If not, you need to address why. More importantly, what are you going to do to make it successful?

Randy Paulikens is Manager at WithumSmith+Brown's Red Bank, New Jersey office. He has more than 14 years of public accounting experience, including taxation, litigation support and consulting. Mr. Paulikens also has many years of traditional accounting experience and high degree of computer literacy. He is involved in various community organizations, is a Cub Master for a local Cub Scout pack and has coached Little League.

When will your business be open? It costs money to remain open from 8:00 a.m. to 8:00 p.m., so you'll need to look at your demand. Maybe you can get away with split hours. Payroll probably will be your largest expense.

How will your product benefit consumers? What's your image? What do you want to sell or portray? What products will be in demand? Again, you have to look at this from a business standpoint. Are you going to sell range time, or will you have a pro shop? Is the pro shop going to be self-supporting? All of these things may or may not impact your particular situation.

A business description should indicate how your product or service differs from what's already available. This ensures that you understand what you're selling. Are you selling image, entertainment, recreation, or education and training? These are different focuses.

Consider and discuss the location of your range. Are there any contamination issues on your land? What are your neighbors like? These are issues you need to address in the business plan to see if remediation or costs to monitor justify using that location. Don't put yourself in an environmentally sensitive area.

A marketing plan needs to discuss your competition, pricing, sales and target market. Who are your direct competitors? Private clubs may not advertise, so you need to be aware. Who are your indirect competitors, such as bowling alleys and movie theaters? My firm conducted feasibility studies for a baseball team in New Jersey. The partner in charge targeted the admission price to be the same as that charged by the local movie theater. It had to cost \$7 or less for the best seat in the stadium. Why? To get people to come to the stadium, they had to not go to the movies. It had to be an affordable family night out, because folks have a limited amount of money to spend on recreation. You can consider give-aways or buy-one-get-one-free specials to get people in the door. On the other hand, don't shortchange yourselves. You may sell more of something for less, but you need to balance your volume versus your unit profit. Know what your service or product is worth.

Visit your competition. Is the facility clean? Is the staff helpful? You only have one chance to make a first impression, so make sure that your facility is as convenient and inviting or better.

You should plan for advertising. There's an old saying: You may know what you're doing by not advertising, but nobody else does. If you want people to come to your range, you've got to let them know it's there. The National Shooting Sports Foundation's Step Outside program is a terrific advertising tool. [Find more information on their website at www.stepoutside.com.] Make sure the public knows you're there.

Community relations are an important aspect of marketing. Be aware of your neighbors. It is best if you reach out first and try to solve any potential problems. A positive community image can bring in new customers, suppliers and opportunities. A bad image can close your doors and bankrupt you with legal fees. If you have a great staff, use them in your public relations. Get the media on your side and use them to your benefit.

How are you going to manage your business? Understand your skills. You may be the best marksman in the country, but that won't help you manage a range. If you need a manager, hire one. Looking in the mirror is an important part of aiding your success. Understand your person-

nel needs. If you aren't a salesman, you need to hire people who are. Put them in front while you're in the back making sure the trains run on time.

The final section of a business plan deals with financial management. Happiness is positive cash flow. Many businesses are profitable, but their cash flow doesn't keep pace. I've seen businesses declare bankruptcy with plenty of accounts receivable—they just didn't turn over quick enough. You need to think about that when you're figuring operating and start-up costs. Some operations don't want to take credit cards. Take \$0.98 today rather than waiting 90 days for \$1.00. Get the money in. Revenue is the name of the game. For operating forecasts, you need to know if you'll be facing seasonal down times so you can save enough to cover your mortgage, utilities and repairs until business picks up.

I hope I have given you some ideas to help develop a business plan and convince other people that your idea is worth investing in.